

**HUNGRY HORSE COUNTY WATER AND SEWER DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING
Thursday, September 16, 2021**

Location: Water District Office, 528 Colorado Boulevard, Hungry Horse, Montana

A. (00:22) Call to Order: President Wagner called the meeting to order at 6:00 p.m.

B. Those present:

President Doug Wagner, Vice President Vivian Allen, Chief Financial Officer Jamie Foster, Director Brent Schmidt, and Director Richard Hardesty.

Staff: Bookkeeper Karen Pastian. General Manager/Operator Ben Shafer and Secretary Rita Venable attended remotely via phone audio.

C. (00:44) Public Comment: None

D. (:48) Minutes: The Board reviewed and approved VP Allen's suggested additions and corrections to the August 19, 2021 Meeting Minutes. (01:34) President Wagner moved to accept the as corrected. All in favor. All ayes. Unanimous. Motion carried.

RESOLVED to accept the Minutes [August 19, 2021] as corrected.

(05:12) GMO clarified the MT State Fund correspondence he had reported on during the August 19, 2021 Board meeting. He had not viewed documents from the MT State Fund before, but thought the District may receive a fifty dollar credit from the MT State Fund for the 2020/2021 Worker's Compensation Insurance estimated premium.

(06:50) President Wagner reported that Karen Pastian notified him tonight of her resignation, effective immediately, as the District's bookkeeper.

1. (10:31) Report on accuracy check for CFO in September 17, 2020 Minutes. (10:31) Secretary reported VP Allen's suggested additions to last year's September 17, 2020 meeting minutes were accurate with the 2020 meeting's audio timestamp 3:58:14 to 04:02:59.

Reports: Reports from monthly meetings are available from the District's office upon request.

E. (12:33) Reports

1. Bookkeeper's Report – Bookkeeper Karen Pastian and GMO Ben Shafer

a. Financial Statements - None

b. Bills – Per the GMO, bills had not been generated. It was his understanding the R&D Loan payments, CenturyLink and the electric utility bills are on auto pay. Valcon Fuel and ECI [Electrical Consultants, Inc.] invoices are due and payable. He was not aware if other invoices may be due or past due. The District's payroll had not been generated.

(13:48) GMO reported on Electrical Consultant's telemetry upgrade. Everything mechanical had been installed, but Well #1 is still not working because there is not enough cellular service on the Verizon Network Service to configure the drive and PLC [Programmable Logic Controller] remotely. GMO thought he had received in his email account, ECI's most recent invoice due and payable and he would provide the invoice to the Board for their review. GMO estimated ECI's invoice to about four thousand dollars. ECI will try again remotely in the next week or schedule an in-person site visit. Clayton, from ECI, may try a test tomorrow.

c. (18:50) Correspondence – None

d. (18:57) American Rescue Plan Act Status – GMO reported on Coram's ineligibility status for their tower project. He said Coram's Preliminary Engineering Report focused on fire flow needs which caused the project to be ineligible to receive ARPA funds.

GMO stated the previous bookkeeper, Judy Rosenbaum, had filled out an application detailing the District's telemetry project, but the application was missing a *System for Award Management* [SAM] number. The *System for Award Management* number was to be emailed to the District's email account and then the

GMO would submit the District's application to the County for consideration by the end of the December deadline.

e. (24:08) Acceptance of Barb Lietz's August 19, 2021 Financial Clean up Report. (24:16) VP Allen moved the acceptance of Barb Lietz's August 19, 2021, thirteen-page Financial Clean Up Report to the District which she presented at our August meeting. All in favor. Unanimous. Motion carried.

Resolved Acceptance of Barb Lietz's August 19, 2021, thirteen-page Financial Clean Up Report to the District which she presented at our August meeting.

f. (24:44) Dates and amounts the QuickBooks and RVS Utility Billing System subscriptions renewed, cancelled and refunded. The District renewed its half of shared subscriptions to QuickBooks and RVS with Coram Water District in May or June. These shared subscriptions are in Coram's name on Ms. Rosenbaum's laptop. GMO had spoken with Judy Rosenbaum and his understanding was there would no refund from QuickBooks, RVS Billing or from Coram for any shared costs.

g. (27:37) Verification of opening balances under the Bookkeeper Karen Pastian. The GMO had spoken with Judy Rosenbaum who had suggested when she first came on board that the District pay a CPA for a review of the books. GMO believes it has been quite a while since a review of the books has been done.

The Board instructed the Secretary to prepare payroll and checks for the approved vendor payments until the District is able to hire a bookkeeper.

GMO reported the water customer billing had been sent out. GMO thought Judy Rosenbaum, who still has bank ACH [Automated Clearing House] authorization, would be willing to process the water customer's September ACH payments. Bookkeeper Pastian had entered customer payments received in the mail into the RVS Billing system, and she would deposit these monies into the District's bank account tomorrow. GMO had collected a cash payment and a check from a customer to be deposited as well. The GMO will be the Point of Contact for the Secretary and he would call her the next day [September 17, 2021] to coordinate a schedule for her to have access to QuickBooks to prepare payroll and approved bill payments. The GMO and Bookkeeper Pastian have the passwords Judy Rosenbaum had left in a folder.

h. Current financial ability to begin paying down District loan balances. No discussion.

i. (40:28) Current list of loan balances with payment amounts for each loan with the interest and principle breakdowns. Bookkeeper Karen Pastian provided the loan amortization schedules for the Board to review.

(42:57) President Wagner would leave a copy of Barb Lietz's Financial Clean Up Report at the office. The financial report shows the accounts' corrected and verifiable opening balances for Fiscal Year July 1, 2021. The Secretary is to verify the journal entries have been posted to QuickBooks.

2. (43:08) Manager's Report – GMO Shafer

Per the GMO, Jenifer Eladassin, Rural Development's specialist located in Missoula, is a point of contact for questions regarding loan balances and pay offs.

GMO Shafer read from his monthly report for the period of August 20 to September 13, 2021:

a. (46:23) Update on Water Rights

b. (45:17) Telemetry Update

(54:48) VP Allen provided a copy of the 1948 USFS Land Use Permit for the Sand Creek Water Source Right. President Wagner will put the permit in the safety deposit box. GMO would retain a copy for District's files.

c. (56:49) GMO continued reading from his Monthly Report for the period of August 20 to September 13, 2021. (01:04:38) A Rural Development inspection on September 9, 2021 revealed the required signage for the handicap parking spot located in front of the Water District's office is not in compliance. The appropriate sign had been ordered and the GMO would hang the sign on the exterior wall of the Water District's building next week.

(01:09:45) CFO Foster read the from two loan amortization schedules listing the District's current loan balances, due dates, monthly payment amounts, interest rates and the interest and principle payment breakdowns. The \$171,715 loan has a monthly payment of approximately \$912, of which approximately \$600 goes to interest. The \$490,000 loan has a monthly payment of approximately \$2603, of which approximately \$1700 goes to interest. CFO Foster stated that if the District were to put a lump payment of

\$42,500 toward the smaller loan it would save approximately \$1800 interest/year. The District could pay the remainder down early. The District could use the \$2500/month that it had been paying on the loan paid off last June.

(01:20:31) Director Schmidt moved that we pay the unpaid bills and the staff wages at the discretion of the General Manager Operator for August. All in favor. All ayes. Motion carried.

Resolved we pay the unpaid bills and the staff wages at the discretion of the General Manager Operator for August.

(01:21:13) CFO Foster reviewed the GMO's suggested revised verbiage of Rules and Regs, Article XIV.

(01:21:56) Karen Pastian requested to be excused from the rest of the meeting. She would leave her time card and the District's keys she has in her possession at the Water Office tomorrow [9/17/2021]. The Board thanked Ms. Pastian for her time. Ms. Pastian left the meeting at 7:23 p.m..

(01:25:15) President Wagner had obtained copies of the District's Deeds from the county plat room. He also found a Bond payoff document. He would store the copies in the District's safety deposit box. The GMO would scan these documents into the District's computer.

(01:27:54) The Board and GMO discussed purchasing a laser printer capable of printing the RVS Billing card stock and also have copy and scan capabilities. The Lexmark printer recommended by RVS is still on back order. There is another model available to purchase, but it did not have Wi-Fi capability. GMO advised that, in the interim Judy Rosenbaum would ask if Coram will allow the use of their printer and she would print the water customer's bills to keep the District going until it can find a printer that meets RVS's specifications and copy and scan documents. The GMO planned to pay for the printer with his personal credit card and submit the invoice for reimbursement from the District. (01:44:18) The Board would consider providing a District credit or debit card or other means for the GMO to pay for future District purchases with District funds vs personal funds requiring reimbursement.

(01:45:17) President Wagner could obtain file cabinets for free to put to use in the District's office.

(01:51:03) VP Allen read for the record the GMO's suggested revision to Rules and Regs., Article XIV, payment of bills. The Board discussed corrections and clarifications to be made and instructed the GMO to make the adjustments discussed and bring the corrected verbiage to the next meeting for reading.

d. (01:59:14) Report on GMO's Multiple Public Employment Disclosure Statement Form E-1 with addition of Martin City to GMO's employment – No report, but the GMO would put it on his list.

3. (01:59:49) Vice President Report – VP Allen read a summary of her three-page report. 1) Code and case law on who is responsible for the condition of the District's finances; 2) Location in the audio record of the disputed remark concerning Associate's Degree (refer to last meeting); 3) Response to allegations of running up the District's attorney's bill wastefully; 4) VP reimbursement prior authorization in the record over a year ago; 5) Record showing no authorization for back-up operator compensations—needs to be rectified; 6) Two recommendations:

Recommendation #1: The Board approve \$240/year for Vice President Allen's print, copy, and water business email address expenses on behalf of the District, with the understanding she may request more, given cause and Board approval.

Whereas the Board has at no time legally voted on the compensation of our current backup operator, nor voted to approve mileage for the backup operator at all, and specifically not mileage for driving the reasonable commute of three miles to and from his home to work in Hungry Horse, nor voted to compensate \$25/month for the backup operator's phone expense, all of which he is now being paid, the following recommendation is made:

Recommendation #2: The Board resolve at next meeting whether the backup operator is to be compensated mileage on the job, mileage to and from work, a phone allowance, in what amount, and whether or not the Board gives blanket advance authorization of such additional duties with compensations as GMO has prescribed or will prescribe for that position above and beyond the

agreement and compensatory expenditures as were brought by him to the Board in February 2020 and/or will be voted on by the current Board.

(02:05:34) Director Schmidt propounded the difference between Board Member's discretionary spending and employee compensation. The District's employees are paid to pump water; the Board does not pump water. The Board is to support and empower the employees to do their jobs. If the District were to have Board Member's discretionary spending, Director Schmidt suggested a line item could be added to the budget for this type of expense. Board Member's spending should not be included in the *Office Supply* expense line item, because the budgeted *Office Supply* account is for the day to day operation of the District. The Montana Code provides for eighty dollars a month to be paid to any Board Member and if they are required to spend money to do their duty, Director Schmidt suggested they take from that money.

(02:12:09) VP Allen moved the adoption of this report [VP Report dated 9/16/21] and its two recommendations.

All in favor - VP Allen voted aye. All opposed - President Wagner voted no, CFO Foster voted no, Director Schmidt voted no, Director Hardesty voted no. The noes have it and the motion was lost.

F. (02:12:42) Unfinished Business

1. Finalize Bylaws 1st Reading. Review of corrections to be made to the Bylaws.

(02:18:24) President Wagner excused the GMO and the Secretary from the duration of the meeting.

(02:18:40) The GMO advised that he will call the Secretary tomorrow and schedule a time to meet for the Secretary to have access to the computer to prepare payroll and vendor bill payments.

(02:19:00) Secretary and GMO disconnected conference call at 8:19 p.m.

2. American Rescue Plan Act discussion to move forward and claim funds was not discussed.

(02:19:03) Bylaws' review and discussion resumed.

3. (02:20:39) GMO Shafer telephoned back and rejoined the meeting. Since the agenda came out (with "Daily check of District business phone voice messages"), the GMO had started checking the office's answering machine messages daily, but there had only been hang up calls and no messages of any importance had been received.

4. (02:21:37) The assignment of records organization, digitization and inventory of the same will be Tuesdays with Director Schmidt volunteering to work on it in October and November. The President stated the records organization, etc., falls under GMO's purview and whatever he can do there is appreciated. GMO would try to put in time next January and February.

(02:25:13) President Wagner again excused the GMO from the meeting.

(02:25:50) The GMO remained connected to the meeting and began another discussion regarding the vacant bookkeeping position VP Allen gave a brief report on a QuickBooks Certified Pro Advisor bookkeeper in Kalispell with accounting education and experience available at \$40/hour as independent contractor. GMO requested contact information and will also be visiting with Jan Hardesty [who called the District two month's ago about the bookkeeping position] as well as one other local possibility. The GMO and President Wagner preferred to hire someone local from the Canyon to fill the bookkeeping position. Various compensation rates and duties of the position were discussed. The GMO would continue to advertise for a new bookkeeper. Discussion of the Resolution specifying bookkeeper and secretary position.

5. (02:48:24) Legal Documents – The Board instructed the GMO to scan the copies and the original legal documents into the District's archive files. The President would then store the hardcopies and originals in the safety deposit box.

(02:52:14 – 04:15:18) Bylaws 1st reading resumed. Revisions and corrections were discussed and entered into to the Bylaws draft.

Local artist Rocky Hoerner will be contacted for the artwork on the District seal.

(03:26:10) GMO Shafer disconnected and left from the meeting.

(03:58:38) The President shared that he had spoken with GMO prior to the meeting, who agreed that compensation he had approved for the backup operator's job commute was not appropriate and would be discontinued.

(04:15:10) The President relayed to the Board that the Secretary had advised law requires the District maintain individual employee files. GMO will see to this.

(04:16:04) VP Allen moved that the Board send this version of the Bylaws we have just constructed and read here tonight to our District attorney, Mr. Ben Hammer, for his review and input to be returned to us prior to the next meeting if possible.

Resolved the Board send this version of the Bylaws we have just constructed and read here tonight to our District attorney Mr. Ben Hammer for his review and input to be returned to us prior to the next meeting if possible.

6. (04:18:45) Rules and Policies Standing Committee Agendas and Minutes. CFO Foster had signed and submitted, during a previous Board meeting, the Committee's Minutes dated from March 31, 2021 through May 30, 2021. Copies of the Committee's meeting minutes from October 15, 2020 through May 30, 2021 are located on the District's shared google drive. She did not have the meeting agendas, because she did not know how to send the agendas from her cell phone and had deleted all previous agendas. VP Allen advised that record of all agendas needs to be kept in District files as evidence of lawful notice.

7. Review Rate Structuring and/or Sprinkling Rate. No review or discussion was conducted.

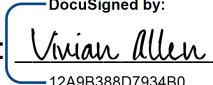
G. New Business

1. Bookkeeper/Secretary Position and Compensation was discussed earlier in the meeting. Refer to time stamp 02:25:50.

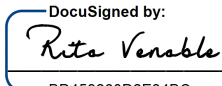
(4:21:39) President Wagner moved to adjourn. All in favor. All ayes. Unanimous. Motion carried.

Resolved to adjourn.

Approved by:

Vice President Vivian Allen:  Date: 11/10/2021
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Respectfully submitted by:

Secretary:  Date: 11/11/2021
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